

Message Text

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ACTION OPIC-06

INFO OCT-01 ARA-06 ISO-00 EB-07 COME-00 TRSE-00 OMB-01

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC 4924

INFO AMEMBASSY BOGOTA

AMEMBASSY LA PAZ

AMEMBASSY QUITO

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E.O. 11652: N/A

TAGS: EINV, ECIN, PE

SUBJECT: OPIC ANDEAN INVESTMENT MISSION

REF: STATE 083966

SUMMARY: TH GOP AND THE ANDEAN PACT RECEIVED THE OPIC INVESTMENT MISSION HERE MAY 12-15 AS AN EXAMPLE OF POSSIBLE RENEWED U.S. INVESTOR INTEREST IN TH COUNTRY AND REGION FOLLOWING A LONG DRY SPELL. GOP OFFICIALS SOUGHT TO EXPAND ON THIS IMPRESSION, AND TOOK PAINS TO EMPHASIZE THE CHANGES THAT ONLY RECENTLY HAVE MADE SUCH A VISIT FEASIBLE. VISIT WAS BENEFICIAL AS A SIGNAL OF RECOGNITION OF THESE CHANGES, AND FOR A NUMBER OF SPECIFIC TRADE (AS POSED TO INVESTMENT) OPPORTUNITIES WHICH AROSE. END SUMMARY. THE OPIC ANDEAN INVESTMENT MISSION VISIT TO LIMA PROCEEDED SMOOTHLY ALONG LINES PROJECTED IN STATE 083966. LOCAL ORGANIZATIONS, BOTH OFFICIAL AND UNOFFICIAL EXTENDED THE FULLEST COOPERATION. GOP AND ANDEAN PACT OFFICIALS WERE ANXIOUS TO PROJECT TH MISSION AS A DEMONSTRATION OF RENEWED U.S. INVESTMENT INTEREST AND CONFIDENCE IN THE COUNTRY AND REGION AND PROMINENT EXTENSIVE MEDIA COVERAGE REFLECTED THIS

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DESIRE.

2. THE MISSION'S MEETING AT THE MINISTRY OF INDUSTRY AND TOURISM WAS DOMINATED BY MINISTER GASTON IBANEZ O'BRIEN'S PRESENTATION. GEN IBANEZ TOOK PAINS TO EMPHASIZE THE CHANGES THAT HAD TAKEN PLACE UNDER THE SECOND PHASE OF THE REVOLUTION WHICH MADE THE ATMOSPHERE MORE CONGNIAL FOR

FOREIGN INVESTMENT. HE SAID THE GOP ACKNOWLEDGED THE NEED FOR FOREIGN CAPITAL AND HAD EARLIER TRIED TO MEET THIS NEED EXCLUSIVELY BY BORROWING. HOWEVER, HE SAID THE GOP NOW RECOGNIZES THE NEED FOR FOREIGN PRIVATE DIRECT INVESTMENT AS AN ALTERNATE SOURCE.

4. VICE MINISTER OF COMMERCE ENRIQUE ESTREMADOYRO ADDRESSED THE GROUP AT THE AMERICAN CHAMBER OF CONFERENCE LUNCHEON, AND MINISTER OF COMMERCE ARIAS ARRIVED FOR THE QUESTION AND ANSWER SESSION. GIVEN THE NATURE OF THE AUDIENCE AND SOME DIFFICULT QUESTIONS, ARIAS WAS SOMEWHAT ON THE DEFENSIVE, BUT HE FIRMLY ATTRIBUTED COMMERCIAL DIFFICULTIES TO FACTORS SUCH AS LACK OF FOREIGN CURRENCY RATHER THAN GOP INDIFFERENCE. HE DEFENDED THE IMPORT PRELICENSING AND FOREIGN CURRENCY ALLOTMENT SYSTEM AS STABILIZING FACTORS AND PROTRAYED THEM AS PART OF A SERIES OF EFFORTS TO ASSIST THE COMMERCIAL SECTOR.

5. THE MINISTRY OF ECONOMY AND FINANCE PRESENTATION WAS LESS SURE-FOOTED. THEN - MINISTER BARUA DID NOT RECEIVE THE GROUP AS SCHEDULED. THIS WAS ATTRIBUTED TO THE GROUP'S DELAYED ARRIVAL, BUT IS MORE LIKELY A REFLECTION OF HIS UNCERTAIN STATUS AT THAT POINT. VICE MINISTER KEIL AND OTHERS GAVE A SOMEWHAT DISTRACTED AND UNSATISFACTORY PRESENTATION WHICH DID LITTLE TO REASSURE POTENTIAL INVESTORS, BUT IS UNDERSTANDABLE IN LIGHT OF BARUA'S SUBSEQUENT DEPARTURE.

6. THE MISSION MEMBERS EXPRESSED GREAT SATISFACTION WITH THE CALIBER OF PERUVIAN BUSINESSMEN TO WHOM THEY WERE INTRODUCED OR LIMITED OFFICIAL USE

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WHO SOUGHT THEM OUT. BY NATURE TH CONTACTS WERE TENTATIVE AND EXPLORATORY, BUT A FEW FIRMS STRUCK AGREEMENTS WITH LOCAL FIRMS AS SUPPLIERS OR IN OTHER RELATIONSHIPS. AMONG THE GROUP THERE WAS A GENERAL RECOGNITION OF THE CHANGES THE GOP HAS UNDERTAKEN BUT ALSO AN EVEN STRONGER RECOGNITION OF THE TENUOUS NATURE OF THESE CHANGES AND THE PERIOD OF UNCERTAINTY THAT WILL ENSUE BEFORE THE INVESTORS WILL RETURN WITH CHECKBOOK IN HAND.

7. COMMENT: OUR IMPRESSION IS THAT NONE OF THE MISSION MEMBERS ARRIVED HERE WITH THE EXPRESS EXPECTATION OF DISCOVERING CONCRETE INVESTMENT OPPORTUNITIES IN PERU. HOWEVER, THEY USED THEIR TIME HERE WELL IN EXPLORATORY CONTACTS AND IN FAMILIARIZING THEMSELVES WITH THE CHANGING ENVIRONMENT. FROM THIS LATTER STANDPOINT THE MISSION SERVED TO DEMONSTRATE CONTINUED U.S. INTEREST IN PERU DESPITE RECENT HISTORY AND WILL SERVE TO SHARPEN THE IMAGE OF PRESENT-DAY PERU IN THE U.S. BUSINESS COMMUNITY.

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Message Attributes

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Disposition Approved on Date:
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